



-Week Ending 9/12/08-

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Thanks to MNB
for this selection of
articles.

Meijer Launches Online Personal Shopper Service

Meijer Inc. announced that it has launched a new service called Grocery Express, described as “a service that combines the convenience of online shopping with the ease, speed and attention offered by a personal shopper,” allowing customers to “select grocery and health & beauty care products online ... and then have them delivered to their car at a designated location within the store's parking lot.”

The charge for an individual order is \$6.95. The program also offers a \$24.95 monthly subscription for unlimited orders.

The Resurgence Of Meal Solutions

MSNBC has what is becoming a familiar story, reporting that Americans, faced with a tough economy and declining income, increasingly are turning to supermarkets for prepared foods. The story notes that a number of companies – ranging from Stop & Shop to Kroger to Whole Foods to Supervalu - are upping their presence in the area, stressing not just convenience but also taste and nutrition.

Walmart Plans Second San Diego Marketside

Yesterday, *MNB* took note of a *Financial Times* report that Walmart has plans to open one of its new small-format Marketside stores in San Diego – just two miles from a new Tesco small-format Fresh & Easy store in Vista, California.

Now, a subsequent story in *FT* reports that “Wal-Mart has also leased a 12,000 sq ft space in a new condominium development in downtown San Diego, in a rapidly gentrifying area adjacent to the city's baseball stadium.”





Until now, Walmart had only confirmed that it was going to open four Marketside stores in the Phoenix area, and the company maintained that it was just a test. But faced with Tesco's rapidly expanding Fresh & Easy chain, which has more than 70 stores in Southern California, Arizona and Nevada, Walmart may have its own definition of what "test" means.

There is, of course, a subtext to the Marketside entry into San Diego, since it was less than two years ago that the city voted to ban the building of stores larger than 90,000 square feet that use 10 percent of their space to sell groceries – a decision clearly aimed at curbing Walmart's expansionist impulses.

Claiming Private Label Success, Fresh & Easy Expands SKU Count

Tesco's Fresh & Easy Neighborhood Markets division in the US said yesterday that it plans to introduce more than 200 new private label products before the end of the year, building on what the chain says is 70 percent of sales being generated by private label products.

The new private label SKUs include: Vegetable Curry with Brown Rice, Mushroom Stroganoff, Chicken Parmesan with Linguine, Broccoli and Cheese Soup, Shrimp Alfredo, Orange Chicken, Organic Honey, new coffee and tea flavors, different varieties of cereals, new flavors of kettle and veggie chips and new juice blends.

Report: Amazon To Debut Online Wine Store Next Month

Reuters has a story saying that Amazon.com plans to unveil an online wine store next month, and should be able to sell the product in 26 states.

According to the story, "Napa Valley Vintners, a nonprofit group representing 315 vintners in the famous California wine-producing region, has already begun to set up workshops for wineries interested in selling through the retail giant ... Industry insiders said Amazon's entry into the wine market would be a good counterpoint to the shrinking pool of distributors amid consolidation in their industry."

Safeway To Open New DC Store Tomorrow

The *Washington Post* this morning reports that Safeway plans "to open a 58,000-square-foot store in downtown Washington tomorrow, the only full-service supermarket in that neighborhood and the first store that the company has built in the District in 11 years." The store is located at 5th Street and New York Avenue NW, described as being "on the former site of a wax museum."

According to the story, "The store is Safeway's 17th in the city and one of only five in the company's eastern division with a nut bar, where shoppers will be able to grind their own cashew butter and other spreads. Dubbed an 'urban lifestyle' store by the company, it also features an open-flame hearth oven and a large assortment of wine priced up to \$300. Thai chili peppers, daikon radishes and cactus leaves sat chilling in the produce section yesterday."



Increasingly, Smaller Is Bigger

The *New York Times* this morning reports that “like cars and homes, grocery stores are beginning to shrink. After years of building bigger stores — many larger than a football field and carrying 60,000 items — retailers are experimenting with radically smaller grocery stores that emphasize prepared meals, fresh produce and grab-and-go drinks.

“The idea is to lure time-starved shoppers who want to pick up a few items or a fast meal without wandering long grocery aisles or paying restaurant prices.”

In addition to Tesco’s Fresh & Easy and Walmart, companies building small stores include Safeway, Jewel-Osco, and Giant-Eagle...and even Whole Foods is reported to be considering a smaller store concept.

According to the *Times* story, “The big grocery chains are not thinking about closing their larger stores, which have been a success. But they hope to capture new business with the smaller stores, appealing to consumers on days when they do not have time for a long shopping trip.”

Sansolo Speaks: Raising The Bar

by Michael Sansolo

Every now and again I have to use this column to state the obvious, simply because someone has to do it. So here goes:

Google is just amazing!

If you were paying attention last week you caught a flurry of news stories about a strange new Microsoft ad featuring Bill Gates and Jerry Seinfeld that totally underused the talents of both and told us nothing about new products. Somehow, that inane ad got more attention than the bigger technology story of the week. Google is calling out Microsoft yet again.

Google is unveiling a new web browser named Chrome. If you want to read and learn all about it, simply go to Google.com and check it out. Just the way the company helps laypeople, like me, understand this new technology is wonderful. But that isn’t why I’m writing about Google.

Instead, let’s talk about the traits of a winner, which Google is. There are countless reasons to love Google, even beyond the ease of its ubiquitous search engine.

The company is now consistently ranked as the best place in the US to work and, if you have never read those articles about the work environment you don’t know the essential truth of all our lives. That is, we all want to work for Google.

What amazes me about Google is its constant dissatisfaction with simply having the best search engine. Instead, it keeps finding new things to do. For instance, G-mail is now favored by an extraordinary number of people who say its as good as any service out there. And it is free. Then there are Google documents, essentially allowing us all to use Google for word and data processing. Again, the use is just building, but I have a sense that in a few months or years we’ll all be talking about that too. It’s free, too.



And why stop there. Google now has a web browser. What's great about this new service is that Google takes the time to educate all of us, no matter how tech savvy we are, on the details of web browsers to explain why Chrome is the place to be. Even if you understand nothing about the technology, but want to sound informed, check out the comic book Google assembles to graphically explain how browsers work and why Chrome is a generation ahead. As you probably guessed, Chrome is free too, but as with all Google products will get the eyeballs for advertising and the gathering of knowledge that will make the search engine even better. (For full disclosure here, I remain a fan of Mozilla's Firefox, which I love. But I can see a change coming soon unless Firefox keeps pace.)

In short, Google exhibits the greatest trait of winners. The company is never satisfied and never sits pat.

In Woody Allen's masterpiece movie "Annie Hall," his character of Alvy Singer says, "A relationship, I think, is like a shark, you know? It has to constantly move forward or it dies."

It's a great metaphor for companies too. You either swim forward or you slowly die. Check out Google and appreciate the work of a winner. And ask why the same isn't happening at your company.

Good-bye, good friend...

One of the perks of having an Internet column is the ability to speak personally from time to time...

My very good friend and longtime colleague at FMI, Josephine Sergi, passed away last week after an 18-month battle with lung cancer. She was 53 and left us far too soon.

Now the odds are that many of you won't know her name. She was one of the many excellent people at FMI who work in some obscurity, making sure that all manner of activities actually run properly.

More importantly, she was a good friend who more times than I could count made me laugh out loud thanks to ridiculous antics or just making the humdrum less ordinary. Her funeral is today and I couldn't let the moment pass without saying good-bye. Rest in peace my friend.

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The Aldi Advantage...& How To Compete With It

The *New York Times* offers an assessment of Aldi, the German discount chain, which it notes has prices that are cheaper than almost everybody else's.

"Its stores are small and spartan, with minimal décor and a limited selection of products," the *Times* writes. "They are often found in nondescript shopping strips and lack the flashy signs and window displays of some competitors. Grocery carts cost a quarter apiece, which is refundable after the cart is returned.

"But as the economy sputters and consumers look to save money, the privately held Aldi is suddenly emerging as a major force in the grocery business, one that some predict could one day rival Walmart ... The company said recently that prices of its private-label products were 16 percent to 24 percent below those at discounters and big-box stores, and 40 percent less than those at traditional supermarkets.



“While the chain’s format might perplex some shoppers who are used to a much broader selection, Aldi officials have maintained that the advantage of shopping at its stores — cheap prices — quickly becomes clear.”

New Coupon Study Looks At Consumer Usage, Savings

The Promotion Marketing Association has released a new study on coupon usage that reports:

- 89 percent of the overall population report that they use coupons when shopping (for grocery, household and healthcare items at supermarkets).
- 97 percent of primary shoppers report that they use coupons at supermarkets.
- Coupon users report an average of seven percent savings on their grocery bill with coupons.
- Studies have shown that consumers who spend 20 minutes per week clipping and organizing their coupons can save up to \$1,000 per year. (With an average annual family grocery bill of \$5,000 that means 20 minutes could result in a 20 percent savings from coupons); those who spend 10 minutes or less per week clipping and organizing their coupons (46 percent of consumers) still achieve an average \$7.00 weekly savings on their grocery bill.
- The typical family saves between \$5.20 and \$9.60 per week using coupons.

FastNewsBeat

- *CMW* has a story about Whole Foods, suffering from the impact of the current economic decline, “now plans to target new stores sized between 35,000 to 50,000 square feet, more than 20% smaller than what the company identified a year ago as its ‘sweet spot’ amid successes with some large locations. The company is also renegotiating leases at several stores for smaller spaces than originally signed.

“Smaller stores come with a host of lower fixed costs for rents and utilities, and also require fewer employees to run. That can help bolster key profitability metrics like sales-per-square-foot and sales-per-employee and improve the company’s return on invested capital.”

- The *Orlando Sentinel* has a story saying that the city’s first downtown supermarket to be opened in almost 30 years will debut this weekend when Publix opens a new 29,431-square-foot store on the ground floor of the Paramount condominium complex there.

According to the story, “The new Publix features a number of distinctive urban elements in addition to the smaller-than-normal shopping carts. There’s a 140-space parking garage directly under the store, with access provided by elevators large enough for shoppers and shopping carts. Residents of the 300-plus-unit Paramount have their own parking above the store, as well as a 24-hour doorman and a separate entrance to the market.”



The MNB Wal-Mart Watch

- The *Arkansas Democrat-Gazette* reports that Walmart CEO Lee Scott told an analysts conference in New York that the company's strategy of focusing more on remodeling old stores than opening new stores – 350 units in the US were remodeled this year, with 700 expected to be revamped in each of the next two years – has proven to be beneficial to the company.

According to the story, "Retail analysts and consultants say the remodeled stores have much-improved sight lines — making it easier for shoppers to find what they're looking for — brighter lighting and better organized displays, especially in electronics and apparel."

The Balance Sheet

- PriceSmart, which operates warehouse club stores in Central America and the Caribbean, said that its August sales were up 31.1 percent to \$99 million, from \$75.5 million during the same period a year ago, on same-store sales that were up 19.4 percent.

Annual sales for the company were up 26.3 percent to \$1.09 billion from \$869.1 million in the same period last year, with same-store sales up 20.1 percent.